AMEREN EXHIBIT NO. 2.0

ILLINOIS COMMERCE COMMISSION

DOCKET NO. _____

DIRECT TESTIMONY

OF

ROBERT J. MILL

Submitted On Behalf

Of

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY

d/b/a AmerenCIPS

December 15, 2000

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ON BEHALF OF

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY d/b/a AmerenCIPS

DOCKET NO. _____

Introduction

1. Q. Please state your name and business address.

A. My name is Robert J. Mill. My business address is 607 E. Adams Street, Springfield, Illinois, 62739.

2. Q. By whom are you employed and in what capacity?

A. I am the Manager of the Regulatory Department of Central Illinois Public Service Company d/b/a AmerenCIPS ("AmerenCIPS"), a subsidiary of Ameren Corporation. I have responsibility for the design and administration of electric and gas tariffs, and the formulation of AmerenCIPS' rate policies.

3. Q. On whose behalf are you submitting testimony?

A. I am submitting testimony on behalf of AmerenCIPS.

4. **Q. Please state your qualifications and educational background.**

A. I have included this information on Ameren Exhibit No. 2.1.

5. Q. What is the purpose of your direct testimony?

A. The purpose of my testimony is to discuss the proposed changes to tariffs in AmerenCIPS' proposed Electric Delivery Services Rate Schedule Ill. C. C. No. 14 ("Schedule 14"). In the course of my testimony, I will discuss on behalf of AmerenCIPS the rate design rationale, and proposed Delivery Services ("DS") tariff terms and conditions, among other topics.

6. Q. What exhibits are you sponsoring?

A. I am sponsoring Ameren Exhibit Nos. 2.1 through 2.5. As stated above, Ameren Exhibit No. 2.1 is a statement of my qualifications and education background. Ameren Exhibit No. 2.2 is a listing of the Schedule 14 tariff sheets being filed in this proceeding and sponsored by me. Ameren Exhibit No. 2.3 is a table that delineates the applicable DS tariff based on a customer's current bundled tariff. Ameren Exhibit No. 2.4 is a table of electric billing units and revenue summary for each DS tariff rate component, by voltage level. Ameren Exhibit No. 2.5 provides a comparison of DS tariff charges in effect today as compared to the charges being proposed by AmerenCIPS in this proceeding.

<u>AmerenCIPS Availability Provisions</u>

7. Q. Please discuss the Availability provisions of AmerenCIPS' non-residential tariffs.

A. The Availability provision of both Rate DS-2 (General Delivery Service) and Rate DS-3 (Large General Delivery Service) assigns non-residential DS customers moving from existing bundled tariffs to either Rates DS-2 or DS-3 on the basis of their current bundled retail tariff. (Sheet Nos. 5 and 6 of Schedule 14) This is useful to facilitate the computation of transition charges for all customers as well as to determine in an efficient manner the applicable DS tariff when customers request delivery services. Also, load research and billing data for cost of service class allocations and rate design only exist for the current bundled rate classes. Consequently, defining the proposed DS rate classes by the existing bundled rate classes from which DS customers transfer provides a reasonable opportunity for AmerenCIPS to recover its DS revenue requirement. Ameren Exhibit No. 2.3 provides a table that shows the applicable DS tariff based on a customer's current bundled tariff.

For new customers that do not take bundled service and apply to go directly to DS, the Rate DS-2 and Rate DS-3 Availability provisions specify size criteria for rate eligibility. Those criteria require that any non-residential customer that is expected to have an annual maximum billing demand greater than 100 kW in the next twelve months be placed on Rate DS-3 and that any new customer with an expected billing demand less than 100 kW take service under Rate DS-2.

8. Q. Please discuss the rationale for the conversion of customers from AmerenCIPS' bundled retail tariff classifications to the DS tariffs shown on Ameren Exhibit No. 2.3.

A. Rate DS-1 for Residential DS will be offered for all residential customers. Rate DS-2 for General DS is applicable to existing customers on bundled Rates 2B, 10 and SC-2. Presently, customers on these bundled tariffs are billed on a per kWh basis and generally do not have demand meters installed. Consequently, the Company has no demand information on the vast majority of these customers, other than load research sample data. Load research information shows that as a class these customers (that is, those on Rates 2B, 10 and SC-2) generally have smaller electrical demands and lower load factors relative to the other existing non-residential rate classes. Rate DS-3 for Large General DS customers is applicable for existing customers on bundled Rates 6T, 9T, 9B, SC-3, and SC-4. Customers on these bundled tariffs have existing demand meters and have higher class load factors than customers under existing bundled Rates 2B, 10 and SC-2.

9. Q. Currently there are provisions in DS-2 and DS-3 that allow customers beginning in October 2001, and ending on May 1, 2002, to voluntarily move to either DS-2 or DS-3 on the basis of the stated electrical size criteria. After the seven-month voluntary election period, AmerenCIPS would place customers on DS-2 or DS-3 solely on the basis of the stated electrical size

criteria. Please discuss the Company's proposal to now modify those provisions.

A. The Company is proposing to eliminate the voluntary and mandatory phase-in requirements in this filing. After our review of this issue, we concluded that the impacts of the phase-in requirements are difficult to estimate for development of the load research data on which the class cost of service information is developed. Further, reliable estimates of the post phase-in billing parameters for designing rates in this filing are not available. Without accurate cost allocation and rate design data we have no choice but to defer any re-organization of rate classes to a future period. Cost of service and rate design must reflect the characteristics of the customer makeup in each rate class. Failure to synchronize cost of service and pricing with the customers to be assigned to a particular rate class will diminish the accuracy of pricing and could impact the Company's recovery of its DS revenue requirement. The Company proposes to continue to map existing bundled rate customers to the appropriate DS rates on the basis of their bundled tariff and not on the basis of their electrical demand.

10. Q. How do you intend to modify the availability provisions of DS-2 and DS-3?

A. We are proposing to eliminate the voluntary and mandatory provisions and simply base the availability for existing bundled customers desiring DS service on their current bundled rate class. New customers to the system where no bundled service history exists will be placed on DS-2 or DS-3 in accordance with their expected electrical demand.

Delivery Services Rate Design for AmerenCIPS

11. Q. Please describe the allocation of revenue requirement among rate classes and the billing units used to design the various charges.

A. The proposed revenue requirement was computed for each DS class to recover the full, embedded test year revenue requirement as determined in the class cost of service study sponsored by Mr. Philip Difani. For each DS customer class, by voltage level, the cost of service study identified a customer related revenue requirement as well as a demand related revenue requirement. The proposed AmerenCIPS rate design largely adopted the customer related revenue requirement from the cost of service study results to establish the proposed fixed monthly customer and meter charges. The demand related revenue requirement for each DS class was used as a guide to design the proposed per kWh and kW charges. As will be discussed more fully later in my testimony, Mr. Difani's Rate DS-3 demand related revenue requirement (by voltage level) and his estimated charges from the cost of service study were adjusted for other rate design considerations. The billing units for the test year, by rate class and voltage level used to compute the proposed charges are set forth in Ameren Exhibit No. 2.4.

12. Q. Please describe the rate design structure used in Rate DS-1 for Residential customers.

A. Rate DS-1 uses a fixed charge and variable charge approach. A monthly Customer Charge recovers all customer related costs per the class cost of service

study, including standard meter related costs. The Delivery Charge component recovers the remaining class revenue requirement on a per kWh basis, not recovered in the fixed monthly charge. The monthly minimum bill will be the monthly Customer Charge and other applicable charges in Schedule 14.

13. Q. When will Rate DS-1 become available?

A. As stated in the Availability provision of DS-1, it will become available to residential customers on and after May 1, 2002.

14. Q. Please describe the rate design structure being proposed for Rate DS- 2 for non-residential General Delivery Service customers.

A. While the rate structure is similar to the two-part rate design previously described for DS-1 above, it has more components. DS-2 has a monthly Customer Charge component to recover the customer related revenue requirements, except standard meter-related costs, and a separate Meter Charge designed to recover metering related costs. Both of these fixed monthly billing components are differentiated on the basis of two voltage levels; one charge is for customers served at secondary and the other is for customers served at primary voltage. Since DS-2 customers are moving from existing bundled tariffs that do not require demand meters for billing, the proposed Distribution Delivery Charge is a per kWh charge. The Delivery Charge recovers the remaining class revenue requirement not recovered in the fixed monthly charge.

15. Q. Are you proposing any changes in the manner in which DS-2 Delivery Charge is applied to primary voltage customers?

A. Yes. We are proposing to state the specific Delivery Charge on a cents per kWh basis for primary voltage customers rather than utilize discount percentages, as is currently the case. The percentages currently used were established on the basis of the bundled service costs that also reflected generation. We must now utilize a cost of service only for Delivery Services for such pricing, and we propose to do that in this proceeding.

16. Q. Please discuss the rate design structure of Rate DS-3, applicable to non-residential Large General Delivery Service customers.

A. Rate DS-3 is structurally the same as Rate DS-2 with respect to the monthly Customer Charge and Meter Charge. These charges also vary by voltage levels. We are proposing to establish charges for four separate voltage levels. These are secondary, primary, high voltage and distribution service at 138 kV and above. The proposed Distribution Delivery Charge is a kW demand charge applicable to the customer's monthly billing demand. We are proposing four Distribution Delivery Charges, one for each voltage level. Currently, we apply a discount percentage for customers electing to take service directly from the 34.5 or 69 kV high voltage distribution systems. For the same reasons discussed in my answer to the previous question, we are now eliminating those discount percentages.

The monthly billing demand to which the Distribution Delivery Charge may be applicable is measured as the highest 15-minute demand established by the customer during the billing period.

17. Q. Please describe the rationale used to develop the proposed distribution delivery charges in Rate DS-3 for each voltage level.

A. The initial step was to review Mr. Difani's demand related revenue requirement from his cost of service study for each of the DS-3 voltage levels. Based on that review, it was determined that the delivery charge price differential between primary and high voltage from the cost of service study, was excessive. Consequently, we propose to narrow that differential by lowering the primary distribution delivery charge and increasing the high voltage charge so that the differential will be $1.50 per kW-month. At that level, we believe that voltage switching driven by excessive rate differences is less likely.

18. Q. Why is it important to examine the rate differential between voltage levels and make adjustments when warranted?

A. If a rate differential is improperly set, it will lead to uneconomic customer switching to a higher or lower voltage level, simply because the incremental/avoided cost of investment in transformers and associated equipment do not equate to the difference in charges. These occurrences have broader implications as well. For example, if a number of existing primary customers were incented (due to an excessive rate differential) to install their own

transformers and equipment in order to take delivery service at the 69 kV high voltage level, it would leave underutilized utility investment that will be assigned to remaining customers in the next rate case. This would result in higher charges for those customers remaining at the primary voltage level, possibly triggering even more customers to install equipment necessary to take service at 69 kV.

19. Q. Are you also proposing to add new provisions to DS-3 for distribution delivery charges for a customer taking delivery service from 138 kV distribution facilities?

A. Yes. AmerenCIPS has a single customer connected to the distribution system at 138 kV. Consequently, we determined both a customer related and a demand related revenue requirement and resulting charges for that customer and have added those provisions to DS-3. For any future DS customer seeking service directly from 138 kV distribution facilities, DS charges will be specifically determined.

Transmission and Miscellaneous Issues

20. Q. In your discussion of the various proposed DS tariffs you only describe the jurisdictional services and rate design. How is transmission being handled in the DS tariffs?

A. Each of the DS tariffs has a separately stated Transmission Delivery Charge component. That component references the charges associated with Ameren's Open Access Transmission Tariff ("OATT") as approved by the FERC. For

customers taking power service from a Retail Electric Suppler ("RES"), the applicable DS transmission charges will be billed directly to the customer's transmission agent, or RES. For customers taking one of the Company's unbundled power services the applicable transmission charges will appear on the customer's bill for delivery services.

21. Q. Are you proposing any other changes to the DS tariffs of any significance?

A. Yes. We have updated the AmerenCIPS electrical loss adjustment factors that are used in the cost of service study as well as stated in our tariffs to adjust the metered quantities for application of the Ameren OATT. The new loss adjustment factors represent a substantial effort by the Company's engineering function. As a result of adopting the new energy loss factors, certain additional tariff sheets had to be revised in order to implement the new loss adjustment factors. Those additional tariff sheets are Rider ISS - Interim Supply Service, Rider PRPS-Partial Requirements Power Service and Rider MV-Market Value of Power and Energy. The revisions to those sheets replaced the loss adjustment factors with a reference to the loss factors set forth in the applicable delivery service tariff.

22. Q. Please describe Rider SG for Delivery Services for Self-Generators.

A. This tariff is designed to compensate the Company for its investment in transmission and distribution facilities that are standing by to provide Delivery Services to customers when their generation is not operating. The Company must

plan its delivery system for meeting a customer's entire load. If a customer elects to provide all or a portion of its power and energy requirements from its own generation, Ameren must still plan and maintain investment in transformation and wires to stand-by in the event such generation does not start or is turned off and the customer requires delivery services.

23. Q. Why is it important that the Commission permit implementation of this tariff?

A. Customer generation is expected to become more popular among customers as technologies evolve and economics become more favorable for its use. Failure of the Company to obtain approval of this Rider will likely result in cross subsidies from non-generating customers to those customers installing self-generation and still relying on the Company's delivery system from time-to-time. If self-generators desire to avoid Rider SG charges, they simply must isolate the load served by their own generation so that it does not impose a higher demand on the Company's facilities in the event a customer's generation drops off line or is not running. This tariff is not being proposed as a deterrent to self-generation, but as a method to fairly recover delivery system costs from all customers.

24 Q. Does this conclude your direct testimony?

A. Yes, it does.

Business Experience and Education

I began my career at Central Illinois Public Service Company in 1976, in the Accounting Department. In 1979, I was promoted to the Rates and Research Department and held several analytical and supervisory positions within that department until 1989, when I was named manager. In 1993, I was named manager of the Corporate Planning Department, responsible for overseeing economic and financial forecasting activities, strategic planning and resource planning functions. Early in 1995, as the result of restructuring, the Corporate Planning Department was eliminated and I became manager of the Regulatory Department.

I received a Bachelor of Science degree in 1975 from Western Illinois University and a Master of Arts degree in business administration in 1981 from Sangamon State University, now known as the University of Illinois at Springfield. I have also completed courses offered by the Edison Electric Institute and the National Economic Research Associates relating to rate fundamentals and cost of service. I have previously testified on behalf of the Company in various proceedings before the Illinois Commerce Commission and the Federal Energy Regulatory Commission.

AmerenCIPS

Proposed Tariff Changes in Electric Rate Schedule Ill. C. C. No. 14
Sponsored by Robert J. Mill

Tariff Description	**Sheet Nos.**
Table of Contents	1
Rate DS-1 - Residential Delivery Service	4 - 4.001
Rate DS-2 - General Delivery Service	5 -5.001
Rate DS-3 - Large General Delivery Service	6 -6.002
Rider SG - Delivery Service for Self-Generation	13 - 13.001
Rider ISS - Interim Supply Service	15.001
Rider PRPS - Partial Requirements Power Service	16.001
Rider MV - Market Value of Power and Energy	17.001

AmerenCIPS
Mapping of Bundled Tariff Service to Delivery Services

From Bundled Tariffs (Ill. C. C. Nos. 10 and 15)				To DS Tariffs (Ill. C. C. No. 14)	
Existing Tariff	Description	Voltage Level	Voltage Discount	DS Tariff	Voltage Level
Rate 1	Residential, incl. space heat	Secondary		DS-1	Secondary
Rate 1T	Residential Time-of-Use	Secondary		DS-1	Secondary
Rate SC-1	Residential	Secondary		DS-1	Secondary
Rate 2B	Gen. Service, incl. space heat	Secondary		DS-2	Secondary
Rate 2B	Gen. Service, incl. space heat	Primary	4%	DS-2	Primary
Rate 2B	Gen. Service, Unmetered	Secondary		DS-2	Primary
Rate 10	Muni. Service, incl. space heat	Secondary		DS-2	Secondary
Rate 10	Muni. Service, incl. space heat	Primary	4%	DS-2	Primary
Rate SC-2	Small General Service	Secondary		DS-2	Secondary
Rate 6T	Commercial Time-of-Use	Secondary		DS-3	Secondary
Rate 6T	Commercial Time-of-Use	Primary	6%	DS-3	Primary
Rate 6T	Commercial T-O-U, School Dist.	Secondary		DS-3	Secondary
Rate 6T	Commercial T-O-U, School Dist.	Primary	6%	DS-3	Primary
Rate 9T	Light & Power T-O-U, incl. space heat	Secondary		DS-3	Secondary
Rate 9T	Light & Power T-O-U, incl. space heat	Primary	6%	DS-3	Primary
Rate 9T	Light & Power T-O-U, incl. space heat	Primary Unreg.	7%	DS-3	Primary
Rate 9T	Light & Power T-O-U, incl. space heat	34.5/69 KV	10%	DS-3	High Volt Dist.
Rate 9T	Light & Power T-O-U, incl. space heat	138 KV & above	10%	DS-3	138 KV & above
Rate 9B	Large Power T-O-U, incl. space heat	Primary		DS-3	Primary
Rate 9B	Large Power T-O-U, incl. space heat	Unreg. Primary	1%	DS-3	Primary
Rate 9B	Large Power T-O-U, incl. space heat	34.5/69 KV	4%	DS-3	High Volt Dist.
Rate 9B	Large Power T-O-U, incl. space heat	138 KV & above	8%	DS-3	138 KV & above
Rate SC3	Large General Service	Secondary		DS-3	Secondary
Rate SC4	Primary Service	Primary		DS-3	Primary

Central Illinois Public Service Company
January 1999 - December 1999
Electric Billing Units

	Test Year Billing Units
DS-1 Residential Delivery Service	
Customer Bills	3,317,340
Distribution Delivery (MWH)	2,831,849
DS-2 General Delivery Service	
Customer Bills:	
Secondary	492,420
Primary	1,176
Distribution Delivery (MWH):	
Secondary	954,270
Primary	29,585
DS-3 Large General Delivery Service	
Customer Bills:	
Secondary	64,032
Primary	3,684
High Voltage	216
138KV and above	12
Distribution Delivery (KW):	
Secondary	4,780,104
Primary	3,836,004
High Voltage	968,422
138KV and above	809,274

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY
DEVELOPMENT OF DISTRIBUTION DELIVERY SERVICE CHARGES
AND MONTHLY CUSTOMER AND METER CHARGES
(EXCLUDES ADD-ON TAXES AND TRANSMISSION CHARGES)

RATE	CUSTOMERS	KWH	KW	KWH/KW DELIV CHG	DELIV CHG $	ANNUAL BILLS	METER AND CUST CHG	METER AND CUST CHG $	TOTAL BASE REV	OTHER REV	TOTAL REVENUE	REVENUE REQUIREMENT
RESIDENTIAL DS-1	276,445	2,831,848,723		$ 0.01700	$ 48,141,428	3,317,340	$ 17.08	$ 56,660,167	$ 104,801,595	$ 3,670,000	$ 108,471,595	$ 108,475,000
GENERAL DEL DS-2												
SECONDARY	41,035	954,270,314		$ 0.01410	$ 13,455,211	492,420	$ 20.00	$ 9,848,400	$ 23,303,611	$ 872,000	$ 24,175,611	$ 24,167,000
PRIMARY	98	29,584,264		$ 0.01150	$ 340,219	1,176	$ 240.00	$ 282,240	$ 622,459	$ 23,000	$ 645,459	$ 655,000
					$ 13,795,430			$ 10,130,640	$ 23,926,070	$ 895,000	$ 24,821,070	$ 24,822,000
LRG GEN DEL DS-3												
SECONDARY	5,336		4,780,104	$ 4.63	$ 22,131,882	64,032	$ 120.00	$ 7,683,840	$ 29,815,722	$ 912,000	$ 30,727,722	$ 30,725,000
PRIMARY	307		3,836,004	$ 3.55	$ 13,617,814	3,684	$ 242.00	$ 891,528	$ 14,509,342	$ 506,000	$ 15,015,342	$ 15,702,000
HIGH VOLTAGE	18		968,422	$ 2.05	$ 1,985,265	216	$ 1,271.00	$ 274,536	$ 2,259,801	$ 57,000	$ 2,316,801	$ 1,632,000
138KV+	1		809,274	$ 0.35	$ 283,246	12	$ 5,318.00	$ 63,816	$ 347,062	$ -	$ 347,062	$ 347,000
					$ 38,018,207			$ 8,913,720	$ 46,931,927	$ 1,475,000	$ 48,406,927	$ 48,406,000
TOTAL REVENUES					$ 99,955,065			$ 75,704,527	$ 175,659,593	$ 6,040,000	$ 181,699,593	$ 181,703,000

DETERMINATION OF SEPARATE METER AND CUSTOMER CHARGE

RATE	METER AND CUST CHG	METER CHG	CUST CHG
GENERAL DEL DS-2			
SECONDARY	$ 20.00	$ 4.35	$ 15.65
PRIMARY	$ 240.00	$ 27.28	$ 212.72
LRG GEN DEL DS-3			
SECONDARY	$ 120.00	$ 25.35	$ 94.65
PRIMARY	$ 242.00	$ 35.44	$ 206.56
HIGH VOLTAGE	$ 1,271.00	$ 35.44	$ 1,235.56
138KV+	$ 5,318.00	$ 141.76	$ 5,176.24

PROPOSED VS CURRENT DELIVERY SERVICE CHARGES

	CURRENT MONTHLY CUST CHARGE	PROPOSED MONTHLY CUST CHARGE	CURRENT MONTHLY METER CHARGE	PROPOSED MONTHLY METER CHARGE	CURRENT DELIVERY CHARGE	PROPOSED DELIVERY CHARGE
DS-1		$ 17.08				$ 0.017 /KWH
DS-2						
SEC	$ 6.86	$ 15.65	$ 4.35	$ 4.35	$ 0.0172 /KWH	$ 0.0141 /KWH
PRI	$ 394.18	$ 212.72	$ 27.28	$ 27.28	$ 0.0165 /KWH	$ 0.0115 /KWH
DS-3						
SEC	$ 6.39	$ 94.65	$ 25.35	$ 25.35	$ 5.56 /KW	$ 4.63 /KW
PRI	$ 511.91	$ 206.56	$ 35.44	$ 35.44	$ 2.06 /KW	$ 3.55 /KW
HV	$ 511.91	$ 1,235.56	$ 35.44	$ 35.44	$ 1.98 /KW	$ 2.05 /KW
138KV +	$ 511.91	$ 5,176.24	$ 35.44	$ 141.76	$ -	$ 0.35 /KW

NOTE: The values shown for the current Customer Charge and Current Meter Charge reflect the charges in the Company's compliance tariffs filed in Docket No. 99-0013 to become effective January 1, 2001.